

THE ESSENTIAL MAGAZINE FOR SALON OWNERS

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SALON FOCUS

Membership drive
**to give
NHF strength
in numbers**

Debate due
**on mandatory
registration**

Your high-street
makeover for
Mary Portas

SalonFocus
wins
**'Publication of
the Year'**



LONG HOURS, COSTS AND RED TAPE TAKING TOLL

The headlines may be all about the difficult economic climate on the high street but a combination of rising costs and administrative issues such as staffing, red tape and long hours are just as much pressing down on salon owners and, in some cases, forcing them to throw in the towel.

Mark Ridout, director of **RA Valuation Services**, which has a "Salon Market Appraisal" service that assesses a salon's market value as part of working out a possible exit strategy, has argued that, increasingly, it is issues beyond economic ones that are proving to be the final straw for salon owners.

While there were now more "distressed" sales than two years ago because of the economic climate, more sales proportionately were also arising because of administrative hassles.

"What they want to achieve is to escape from work overload and get their lives back, rather than necessarily selling because the business is losing money," he told *SalonFocus*.

Research published in July has echoed this view, suggesting it is rising costs as much as reduced spending by consumers that is pushing many salons to the brink, especially small and independent salons that may have less financial leeway when bills go up.

A survey by comparison website **Make It Cheaper** and the think-tank **The Centre for Economics and Business Research** has argued that rising insurance premiums, energy and fuel bills are squeezing margins, choking growth and, in some cases, threatening the survival of many small salons.



MARK RIDOUT: OVERLOAD

The poll found 54 per cent of salons questioned feared for their survival if costs continued to rise, while more than a fifth – 23 per cent – had seen their business overheads rise since 2005.

Rising prices were also preventing or limiting nearly three quarters of salons from growing, it added.

Seven out of ten had seen their profit margins hit by increasing costs over the past three years, on average by 22 per cent, while almost

half had been forced to increase prices and nearly a quarter to cut staff.

The research painted a grim picture for many salons on the high street but also showed why it was increasingly valuable to be part of an organisation such as the NHF, said president **Mark Coray**.

"With costs rising left, right and centre, the level of support and access to membership-based deals an organisation such as the NHF can offer – not to mention just having access to networks of other members who can offer money-saving tips and advice – can be invaluable," he said.

Data collated from calls to the NHF's **Legal Lifeline** would appear to back the view that it is not just the economic climate causing a headache, with regulatory and administrative issues coming through as a massive thorn in owners' side (*SalonFocus*, May/June, 2011).

RA's Mark Ridout added the feedback he was getting was that owners of smaller salons were finding they were working eight hours or more a day as stylists and then working late into the night to keep up with administration.

U-TURN MEANS CHEQUES TO SURVIVE BEYOND 2018

Cheques no longer face being scrapped as a method of payment within eight years, in a U-turn strongly supported by the National Hairdressers' Federation.

The payments services' watchdog **The Payments Council** said in July it was withdrawing its plan to abolish cheques by 2018 following criticism from MPs and opposition from the public, with chairman **Richard North** stressing cheques would now continue "for as long as customers need them".

The council came under fire from MPs on the **House of Commons Treasury Committee** in June when it reopened an inquiry into the switchover, which could have seen the conventional cheque clearing system disappearing as soon as 2016 and cheques being phased out two years later.

The UK's **Cheque Guarantee Card Scheme** ended at the end of June as the number of cheques being written has steadily declined.

The NHF had expressed concern the council had failed to outline clearly what the alternatives to cheques would be.

The move to scrap the deadline and therefore remove uncertainty over the transition was welcome for salon owners, said president **Mark Coray**.

"This is the right decision by the Payments Council and means alternative methods of payment and new technologies can be examined properly without a clock ticking away in the background," he added.



RICHARD NORTH: PLEDGE



CHEQUES: WILL STAY BEYOND 2018